Universities Academic Pension Plan

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1990

Alberta
TREASURY

91-05810/

UNIVERSITIES ACADEMIC PENSION PLAN

ANNUAL REPORT

for the fiscal year ended March 31, 1990

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6

The Speaker of the Assembly

Sir:

Pursuant to section 4 of the Universities Academic Pension Plan Act, being Chapter U-6.1 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Universities Academic Pension Plan for the fiscal year ended March 31, 1990.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

Table of Contents

	Page
Introduction	2
Plan Overview	2
Review of Operations	3
Actuarial Liabilities	3
Participation	3
Book Entry Transfers	4
Reciprocal Agreements	5
Reciprocal Transfers	6
Contributions	7
Refunds	7
Death in Service Benefits	7
Information and Counselling Services	8
Pension Benefits	8
Statement of Receipts and Payments	14
Comparative Statistics	15

Introduction

The Universities Academic Pension Plan was established effective July 1, 1978, by the Universities Academic Pension Act to provide a contributory pension scheme for members of the academic staff, including Presidents, of the Alberta Universities and the Banff Centre for Continuing Education.

The Universities Academic Pension Act was repealed on November 1, 1985, and replaced by the Universities Academic Pension Plan Act. Under new legislation, policy and administration became the responsibility of the Lieutenant Governor in Council and the Minister respectively, while the Universities Academic Pension Plan Board was assigned an advisory and appellate role.

Plan Overview

The Universities Academic Pension Plan is a contributory defined benefit plan under which employee contributions are six percent of salary and employer contributions seven percent. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Universities Academic Pension Plan.

Members may retire at any time after age 55 without reduction in the amount of pension if they have accumulated 10 years of pensionable service, or after age 65 with five years of pensionable service. The normal pensionable age is 65, however, there is no mandatory retirement age. Pension benefits are based on two percent of the highest average pensionable earnings for five consecutive years, times the number of years of pensionable service. The normal form of a pension is for the life of the member with a 15 year guarantee. Other options available are a 5, 10 or 20 year guarantee period. A member may also elect a joint life pension based on their life and that of a nominee. If the member has a spouse, unless a waiver is signed by that spouse, the pension must be a joint pension guaranteed for the life of the member and spouse.

The Plan also makes provision for those members who die prior to retirement and have accumulated at least 10 years of pensionable service. In such cases the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit. The spouse of a member with less than 10 years of pensionable service must also accept a lump sum benefit.

Review of Operations

The Universities Academic Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury.

In order to increase efficiency and improve service to employers and participants, Payroll and Pensions continues to upgrade its automated systems. Enhanced prior service, data input and participant record keeping systems were developed to improve information gathering and accommodate policy and procedural changes.

Pension forms were completely redesigned and master copies of each form have been provided to employers. By allowing the production of forms as required, stockpiling and wastage occasioned by form changes are eliminated.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1988, estimated the accrued liability of the Universities Academic Pension Plan to be $995,238,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 23.2 percent.

Participation

At March 31, 1990, there were five employers participating in the Universities Academic Pension Plan, 4,578 active contributors and 134 terminated employees who had either not made a choice regarding their plan status or were awaiting a deferred pension.

A summary of the participating employers and the number of participants is provided in the section on Contributions.

Book Entry Transfers

The following transfers to and from other pension plans administered by the Province of Alberta were made by book entry during the year. These transfers are not reflected in the Statement of Receipts and Payments.

	Transfers To Universities Academic Pension Plan $	Transfers From Universities Academic Pension Plan $
Public Service Pension Plan	566,815	3,541
Local Authorities Pension Plan	119,595	13,025
Public Service Management Pension Plan	141,202	–
	827,612	16,566

Reciprocal Agreements

At March 31, 1990, the Universities Academic Pension Plan had reciprocal transfer agreements in effect with the following pension authorities. The agreements enabled participants to transfer pension credits to and from these authorities.

Within Alberta
- Alberta Teachers' Retirement Fund
- Local Authorities Pension Plan
- Public Service Management Pension Plan
- Public Service Pension Plan

Outside Alberta
- Brock University
- Dalhousie College and University
- Government of Canada
- Government of New Brunswick
- Manitoba Teachers' Retirement Allowance Fund Board
- McGill University
- Ontario Council of Regents for the Colleges of Applied Arts and Technology
- Ontario Institute for Studies in Education
- Saint Paul University
- Saskatchewan Teachers' Superannuation Commission
- University of Guelph
- University of Manitoba
- University of Montreal
- University of Ottawa
- University of Prince Edward Island
- University of Saskatchewan
- University of Sherbrooke
- University of Toronto
- University of Waterloo
- Wilfrid Laurier University

Reciprocal Transfers

During the year ended March 31, 1990, the following number and value of reciprocal transfers were undertaken:

	Transfers To Universities Academic Pension Plan		Transfers From Universities Academic Pension Plan	
	Number	Amount $	Number	Amount $
Government of Canada	3	278,880	–	–
McGill University	3	126,138	–	–
University of Saskatchewan	5	386,648	–	–
Other	12	427,880	6	221,219
	23	1,219,546	6	221,219

Contributions

The schedule below summarizes the employee and employer contributions for the year ended March 31, 1990:

	Participants At March 31, 1990	Contributions Received		
		Employee $	Employer $	Total $
University of Alberta	2,419	9,390,246	9,894,232	19,284,478
University of Calgary	1,592	6,456,382	6,546,082	13,002,464
University of Lethbridge	352	1,346,145	1,310,072	2,656,217
Athabasca University	158	451,181	491,911	943,092
Banff Centre for Continuing Education	57	180,854	200,544	381,398
Accounts held on Deposit	134	9,185	–	9,185
	4,712	17,833,993	18,442,841	36,276,834

Refunds

Under the terms of the Universities Academic Pension Plan, a member who terminates has the option of transferring both the employee and employer contributions and interest into a registered pension or retirement savings plan. During the year there were 290 such transfers totalling $4,024,232. This amount is shown in the Statement of Receipts and Payments under Other Transfers.

In addition, 22 refunds of excess contributions totalling $44,025 were made to members and employers.

Death in Service Benefits

In the current year eight members died while in service. Four of the surviving spouses were granted spousal pensions and four lump sum benefits were paid.

Information and Counselling Services

During the year, Payroll and Pensions Division presented pre-retirement and information seminars in both Edmonton and Calgary. Approximately 27 participants attended each seminar and received information on retirement benefits and services.

Payroll and Pensions Division assisted the Alberta Retired Public Employees Society with the publication of Postscript. Postscript is a quarterly newspaper provided free of charge to pensioners. A regular information bulletin called Pension News was prepared for employers to assist them in carrying out their responsibilities under the pension plan.

Annual statements containing information on pensionable service, contributions and prior service, were produced and forwarded to employers for distribution to active participants in the plan.

Pension Benefits

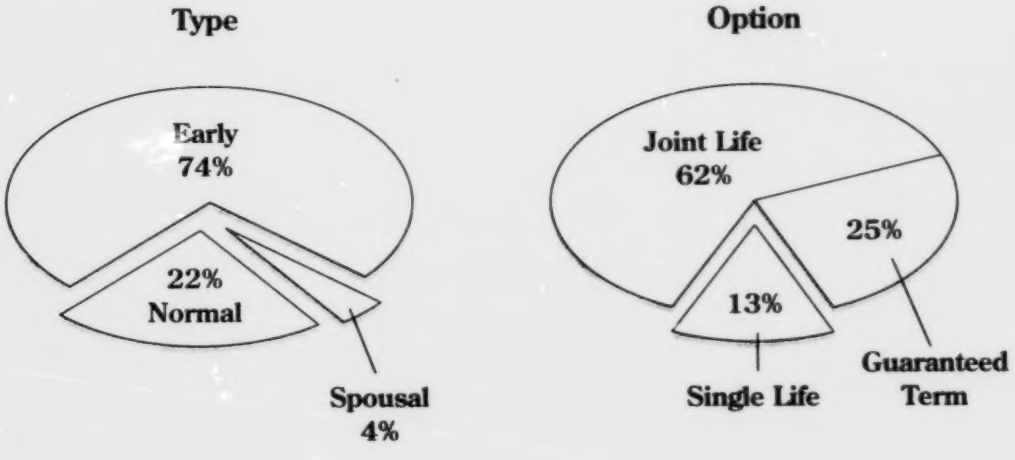
During the year ended March 31, 1990, pension benefits paid totalled $22,745,096, an increase of $3,308,266 (17.0 percent) over the previous year. A total of 100 pensions were granted in the categories shown in the table below. Previous year figures are included for comparison.

	1990		1989	
Normal Retirement	22		33	
Early Retirement	74	(42)	79	(37)
Death-in-Service (Spousal)	4	(3)	4	(1)
	100	(45)	116	(38)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Of the above retirements, six of the early retirements were in respect of deferred retirements from previous years.

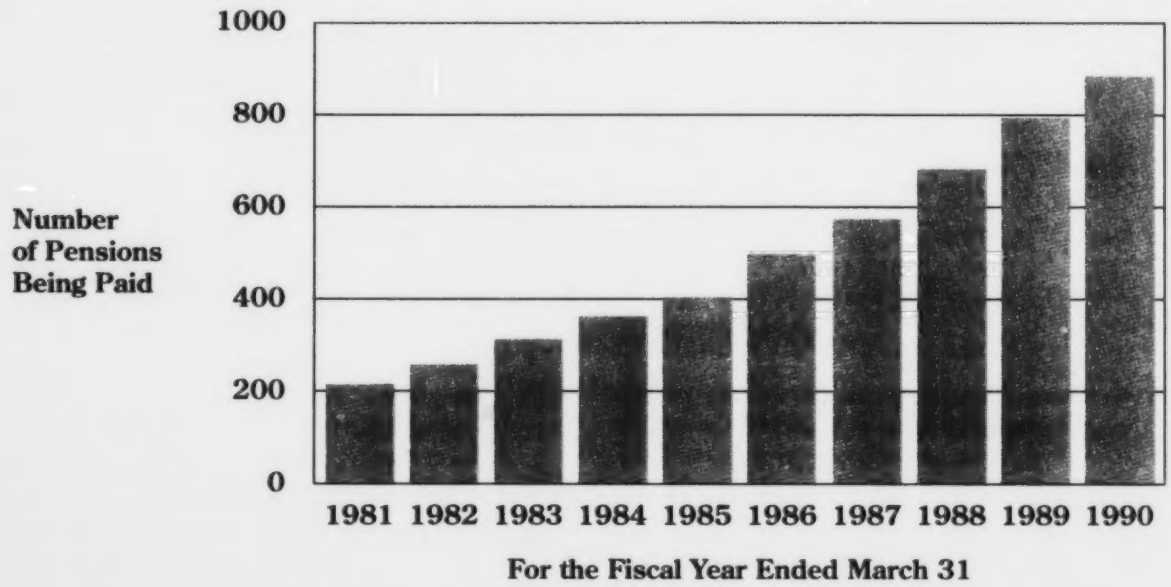
The charts below illustrate the relative proportions of retirements during the year by type of pension and option chosen:



Pension options selected by members were as follows:

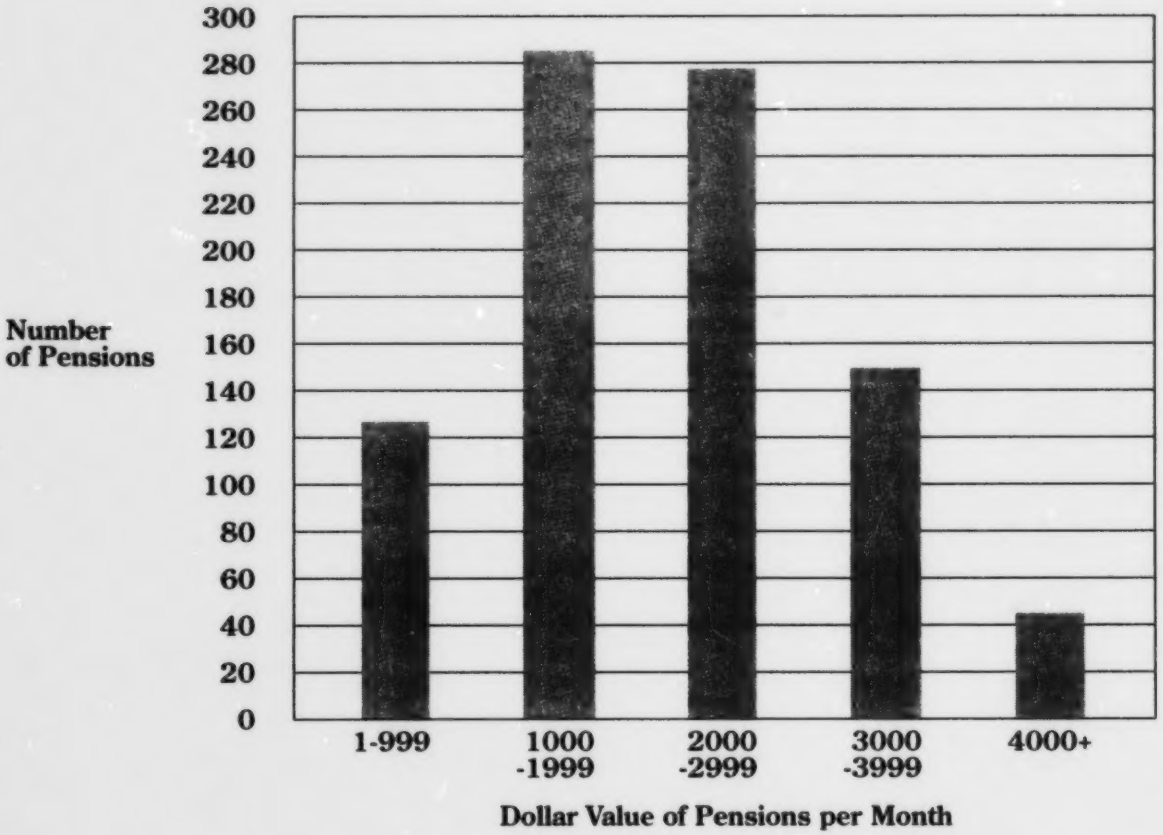
	At March 31, 1989	New Retirements	Beneficiaries	Deaths	At March 31, 1990
Member Pensions					
Normal (guaranteed 15 years)	110	10	1	(2)	119
Single Life	85	12		(2)	95
Guaranteed 5 years	30	3	2	(2)	33
Guaranteed 10 years	44	3	1	(1)	47
Guaranteed 20 years	62	6	2	(2)	68
Joint Life non-reduced	244	49	3	(5)	291
Joint Life reduced one third	131	13			144
Joint Life reduced one half	20		1	(1)	20
Spousal Pensions					
Single Life	18	1		(3)	16
Guaranteed 5 years	1				1
Guaranteed 10 years	13				13
Guaranteed 15 years	13				13
Guaranteed 20 years	23	3			26
Total Pensions	794	100	10	(18)	886
Pensions Co-ordinated with CPP and/or OAS	263	45	3	(3)	308

The number of pensions being paid at the end of each of the last ten years is presented in the graph below:



The schedule below and the graph on the following page categorize the pensions in effect at March 31, 1990, by dollar value of monthly pension:

Dollar Value Per Month $	Member Pensions	Spousal Pensions	Total
1 - 999	106	21	127
1,000 - 1,999	253	33	286
2,000 - 2,999	265	13	278
3,000 - 3,999	148	2	150
4,000 and over	45	–	45
	817	69	886



Effective January 1, 1990, a cost of living adjustment of 3.25 percent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the calendar year 1989.

Statement of Receipts and Payments
Year Ended March 31, 1990

	1990 $	1989 $
RECEIPTS		
Employee contributions	17,833,993	15,705,188
Employer contributions	18,442,841	16,628,265
Interest on overdue receivables	3,011	1,373
Total Receipts	36,279,845	32,334,826
PAYMENTS		
Benefits		
Pensions to retired members	21,196,807	17,901,279
Pensions to surviving spouses	1,200,477	1,131,117
Lump sums to beneficiaries of deceased pensioners	–	277,852
Lump sums to beneficiaries of deceased employees	347,812	126,582
	22,745,096	19,436,830
Withdrawals		
Refunds of contributions and interest to terminated members	–	3,573
Reciprocal agreement transfers	221,219	391,082
Other transfers	4,024,232	4,168,681
Refunds of excess contributions	44,025	51,566
	4,289,476	4,614,902
Total Payments	27,034,572	24,051,732
Excess of Receipts over Payments	9,245,273	8,283,094

Note: The receipts and payments shown above do not reflect transfers of contributions and interest to and from other pension plans administered by the Alberta government. Such transfers are detailed under Book Entry Transfers.

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years. In addition, a graph is presented to illustrate a ten year trend.

(000's)

Fiscal Year	RECEIPTS			PAYMENTS			Excess of Receipts Over Payments
	Employee $	Employer $	Total $	Benefits $	With-drawals $	Total $	$
1989/90	17,834	18,446	36,280	22,745	4,289	27,034	9,246
1988/89	15,705	16,630	32,335	19,437	4,615	24,052	8,283
1987/88	15,454	16,027	31,481	15,181	3,556	18,737	12,744
1986/87	14,966	15,965	30,931	12,120	2,455	14,575	16,356
1985/86	14,192	14,402	28,594	9,713	2,963	12,676	15,918